



Committed to the future of rural communities.

United States Department of Agriculture
Rural Development

TO: Participating GRH Lenders
FROM: Iowa's USDA, Rural Development Single Family Guaranteed Rural Housing Program (GRH) – March 2006

**** PLEASE DISTRIBUTE TO ALL WHO UTILIZE THE GRH PROGRAM ****

NEW NEWS

NEW POLICIES regarding the following. Please see the attached letter!!!

- ♣ **Termite** Inspections
- ♣ **Septic** Inspections
- ♣ **Well Water** Testing
- ♣ 100-Year **Flood Areas**

CLARIFICATION of February 2006 Newsletter - **GRH fee remains at 2.0%**

It is *proposed* to go to 3.0% effective 10/1/06 in the 2007 Budget.

Further info at <http://www.usda.gov/agency/obpa/Budget-Summary/2007/FY07budsum.pdf> - pages 55 & 58.

Watch your email for an upcoming **educational opportunity** via the Iowa Communication Network (ICN).

- ♣ Tentatively set for Wednesday, **March 15, 2006** ♣ 8 am to 1 pm ♣

June is **Home Ownership Month**. We are eager to assist with any Home Ownership promotions or ideas. Let us know!

PROCESSING

- ♣ [Form RD 1980-86, Request for Reservation](#), **new version 12-05**
- ♣ All forms may be found online at <http://www.rurdev.usda.gov/regs/formstoc.html>
- ♣ There is **AN ABUNDANCE OF MONEY AVAILABLE!!!**

Iowa staff remains committed to providing *excellent* service with a **24 hour turnaround** of complete application packages.

NEW ADMINISTRATIVE NOTICES (ANs)

ANs for the last 12 months may be found at http://www.rurdev.usda.gov/regs/an_list.html.

No new ANs since the February newsletter.



UPCOMING EVENTS

April 6, 2006

Iowa Mortgage Association (IMA) Spring Conference

<http://www.iowama.org>, Marriott (fka Collins Plaza), Cedar Rapids

April 27, 2006

Iowa Home Ownership Education Project (IHOEP) Spring Conference

<http://www.ihoep.com/>, University of Iowa, Iowa City

June 2006

Home Ownership Month

USEFUL INFO

Iowa GRH Handbook & Newsletters <http://www.rurdev.usda.gov/ia/rhsg.html>

Property & Income Eligibility <http://eligibility.sc.egov.usda.gov/eligibility/welcomeAction.do>

RD Properties for Sale <http://www.resales.usda.gov/>

USDA, Rural Development <http://www.rurdev.usda.gov/>

Iowa USDA, Rural Development <http://www.rurdev.usda.gov/ia/>

USDA, Rural Development offices will be **closed** on the following days:

Monday, May 29, 2006 – Memorial Day

Iowa State Office Single Family Housing Staff

Bruce McGuire, Program Director - bruce.mcguire@ia.usda.gov

Heather Honkomp, Single Family Housing Specialist - heather.honkomp@ia.usda.gov

LindaKay Rhoades, Single Family Housing Specialist - linda.rhoades@ia.usda.gov

Lender Assignments to **RD offices** are based upon the location of the customer's main office. Iowa RD offices may be found at http://www.rurdev.usda.gov/ia/la_locations.html (click on the address or type it into your browser).

To request changes to our email list such as removals or additions, please e-mail heather.honkomp@ia.usda.gov with your request. Be sure to include contact name, business name, location, phone number, and email address. We appreciate your assistance with the maintenance of our email list.

210 Walnut Street, Room 873 • Des Moines, IA 50309

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USDA Rural Development is an equal opportunity lender, provider and employer.

Complaints of discrimination should be sent to: USDA, Director, OCR, Washington, D.C. 20250-9410



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Rural Development
Iowa State Office

March 1, 2006

TO: All Lenders Participating in Iowa Guaranteed Single Family Housing Loan Program

FROM: Ambrose H. McGuire
Iowa Rural Housing Program Director

SUBJECT: Iowa Guaranteed Rural Housing Lender Options

Over the last several months we have received feedback from our lending community that we should consider making certain conditions optional since the Guaranteed Rural Housing (GRH) Loan is truly the lender's loan.

We believe it is critical that we listen to our customers and protect the end users to the best of our ability, keeping in mind that our customer is the lender and the loan is between the lender and their customer.

With that background we offer you the following options that you may consider, with our explanation of where we have been on the issue.

First, GRH Loans may be made in a flood plain, provided flood insurance is available and considered in the ratios. The lender must escrow for the insurance and have the first year policy just like any other required insurance. Our present policy has been to not allow a guarantee for loans in the flood plain, as we have believed there are many options available in Iowa so that houses do not have to be in a flood plain. We do not plan to allow new construction in a flood plain.

Second, the lender can decide whether to obtain termite inspections and if obtained what to do about the results. We have required termite inspections for the past several years. If the property had damage, an inspection by a structural engineer was also required. We had this policy because we had a guarantee on a house that was nearly destroyed by termites in the first year of the loan. We know for a fact that termites exist in every county in Iowa.

Third, we will rely on the lender to decide whether to have a septic inspection and what to do with the results. We previously have required an inspection of the laterals and baffles and the tank pumped out. The requirement was made because of numerous problems in the early days of the program and because many rural counties were ill equipped to provide proper inspections.

Fourth, we plan to allow the lender make all decisions regarding the water supply. Previously, we required tests by the state on all water supply systems that were not publicly

monitored. We have also required that homes on a group well be tested by the state.

We still believe strongly that our reasoning for requiring the documentation was sound. We also are firmly convinced that the loans are the lenders' and that our lender community has changed dramatically in the years of the program. We plan to track these issues and any problems that arise will be noted and fully considered before future policy decisions are implemented.

Updates to our website and Iowa GRH Handbook will be forthcoming.

We value your feedback. Please let us know your thoughts or if there are any questions.

Thank you for your participation in Iowa's GRH program!